

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 L-03 FRB-03 OMB-01 ITC-01

SP-02 USIA-06 AGRE-00 AID-05 CIAE-00 COME-00

EB-07 INR-07 LAB-04 NSAE-00 OIC-02 EPG-02 SIL-01

STR-04 TRSE-00 CEA-01 /075 W

-----010056Z 008066 /73

R 311517Z MAY 77

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9987

INFO ALL EC CAPITALS

USMISSION GENEVA

USMISSION OECD PARIS

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USEEC

ROME ALSO FOR FODAG

E.O. 11652: N/A

TAGS: ETRD, UNCTAD, EEC

SUBJECT: FIRST UNCTAD PREPARATORY CONFERENCE ON COTTON, JUNE  
20-24

REF: (A) STATE 119870, (B) THE HAGUE 2762 (NOTAL),  
(C) ROME 8816 (NOTAL)

1. AS INSTRUCTED IN REF. A, MISSION DISCUSSED WITH APPROPRIATE  
EC COMMISSION STAFF OFFICIALS EC VIEWS CONCERNING SUBJECT  
MEETING. COMMISSION STAFF HAS NOT YET ADOPTED A DEFINITIVE  
POSITION. IT PLANS, HOWEVER, TO SUBMIT A DRAFT OPENING  
STATEMENT TO THE NINE AT A COUNCIL RAW MATERIALS WORKING GROUP  
ON JUNE 12 IN BRUSSELS. THE DRAFT WILL PROPOSE AN OPEN-MINDED,  
CONSTRUCTIVE EC CAPPROACH WITHOUT MAKING ANY COMMITMENT  
REGARDING THE DESIRABILITY OF AN INTERNATIONAL COTTON  
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AGREEMENT (ICA). STAFF OFFICIALS BELIEVE THE NINE WILL  
GENERALLY FAVOR THIS APPROACH AT THIS TIME, BUT NOTE  
THAT THE NINE WILL LIKELY EVENTUALLY DISAGREE ON A POS-  
SIBLE ICA. THE NETHERLANDS (SEE REF. B) AND FRANCE ARE  
EXPECTED TO FAVOR ONE, WITH SOME SORT OF MEASURES TO  
STABILIZE COTTON PRICES, SUCH AS FINANCING OF NATIONAL  
BUFFER STOCKS IN THE POOREST PRODUCING COUNTRIES. THE

FRG, ON THE OTHER HAND, WILL LIKELY OPPOSE AN ICA.

2. COMMISSION OFFICIALS NOTE THAT ERRATIC PRICE MOVEMENTS HAVE CREATED HARDSHIPS FOR LDC COTTON EXPORTERS. THEY CONSEQUENTLY PLAN TO PROPOSE FINANCIAL RELIEF, SUCH AS CONTINUATION AND EXPANSION OF EC STABEX TRANSFERS, EXPANDED RESEARCH AND DEVELOPMENT ACTIVITIES, AND POSSIBLY FINANCING OF SELECTED NATIONAL STOCKS. THEY REALIZE, HOWEVER, THAT AN INTERNATIONAL BUFFER STOCK IS NOT FEASIBLE BECAUSE OF THE LARGE NUMBER OF COTTON VARIETIES AND PRODUCERS. FOR THIS REASON, COMMISSION OFFICIALS QUESTION THE NEED FOR AN ICA. INSTEAD, THEY WOULD LIKE TO IMPROVE THE EFFECTIVENESS OF EXISTING INSTITUTIONS SUCH AS THE INTERNATIONAL COTTON ADVISORY COMMITTEE (ICAC) AND THE INTERNATIONAL COTTON INSTITUTE. THEY WOULD NOT FAVOR, HOWEVER, AN EFFORT TO HAVE ICAC BECOME THE SOLE FORUM FOR COTTON DISCUSSIONS. THEY BELIEVE DISCUSSION IN UNCTAD CANNOT BE AVOIDED.

3. COMMISSION OFFICIALS NOTE THAT, AS IN THE US, THE EUROPEAN COTTON INDUSTRY OPPOSES EC PARTICIPATION IN AN ICA AIMED AT STABILIZING COTTON PRICES.

4. COMMISSION OFFICIALS PLAN TO PROCEED CAREFULLY AND METHODICALLY IN THE UNCTAD DISCUSSIONS, AND DO NOT ENVISAGE ANY CONCLUSIONS BEING REACHED WITHIN THE NEXT YEAR OR SO. THE COMMISSION DELEGATION WILL BE LED BY CAMILLO PAOLI, CHIEF OF COMMERCIAL QUESTION IN INDUSTRY, DG-I (EXTERNAL RELATIONS), AND WILL INCLUDE LIMITED OFFICIAL USE

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MICHEL LEHEMBRE, DG-III (INDUSTRY), AND MARCO PINI, DG-VIII (DEVELOPMENT). THESE OFFICIAL WOULD LIKE TO CONSULT WITH THE US DELEGATION IN GENEVA AND SUGGEST THAT AN INFORMAL MEETING MIGHT BE ARRANGED BEFORE THE PREPCOM BEGINS.

5. ACTION REQUESTED: PLEASE INFORM US IF US DEL OFFICIALS WOULD BE AVAILABLE TO MEET WITH COMMISSION DELEGATION EITHER BEFORE OR EARLY IN PREPCOM DISCUSSIONS. HINTON

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NNN



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, PLANNING MEETINGS, TRADE AGREEMENTS, NEGOTIATIONS  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** 07e6cc8f-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 119870, 77 THE HAGUE 2762, 77 ROME 8816  
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**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 17-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2453726  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FIRST UNCTAD PREPARATORY CONFERENCE ON COTTON, JUNE 20-24  
**TAGS:** ETRD, UNCTAD, EEC  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009